

NEW ENTERPRISE SYSTEMS

P.O. BOX 29, CAMBRIDGE, MASSACHUSETTS 02139

TEL. #

NEW ENTERPRISE SYSTEMS

P.O. Box 29, Cambridge, Massachusetts 02139

Tel. (617) 547-7283

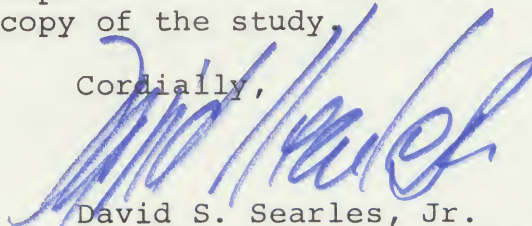
Many thanks for your inquiry about the venture capital study announced recently in Computer Decisions.

You might be interested in the background of the study. The authors-- Carl Novotny and I--were junior faculty members at the Harvard Business School. We were commissioned by top management of Merrill Lynch to study the venture capital field. Our objectives were to analyze the venturing business and recommend appropriate courses of action for Merrill Lynch. Our agreement with Merrill Lynch provided for our preparing a revised edition of the study for general distribution.

In informational content and functional value, Venture Capital in the United States: An Analysis far surpasses any seminar, publication or previous study on the topic. The study has been well received in the field. The MIT Alumni Association placed the study on its "must" reading list for its seminars on entrepreneurship. Firms that ordered the study include GE, Singer, Ford, North American Phillips, Arcata National, ARD, Loeb Rhoades, Goldman Sachs, Hambrecht & Quist, Wells Fargo, The Mayfield Fund, Price Waterhouse, and E. F. Hutton.

Regardless of your interest in venture capital, I think you will find this study helpful and informative. We have, however, published only a limited edition, and only a few copies are still available. You can use the enclosed card to order your copy of the study.

Cordially,



David S. Searles, Jr.
Consultant to NEW ENTERPRISE
SYSTEMS, INCORPORATED

DSS/jec

Enclosure

BUSINESS REPLY MAIL

No postage stamp necessary

Postage will be paid by

New Enterprise S.

Post Office Box 2

Cambridge, Mass

VENTURE CAPITAL IN THE UNITED STATES: AN ANALYSIS

by Carl H. Novotny and David S. Searles, Jr.
Foreword by E. F. Heizer, Jr., Chairman and
President, Heizer Corporation, Chicago

Leading venture capitalists had these comments on the study:

LOUIS L. ALLEN, President, Chase Manhattan Capital Corporation.

Author of *Starting and Succeeding in Your Own Business*: There are at least three points which strongly recommend this volume. They are first, it is objective in its approach and well documented; it is the most thorough and comprehensive volume on the subject that I know of, and it is well written.

HARLAN E. ANDERSON, Co-founder and past Vice President, Digital Equipment Corporation.

President, Anderson Investment Company: I have read it through carefully and have also had an associate of mine read it. It has a wealth of background information the likes of which I have not seen before.

DON A. CHRISTENSEN, President, Greater Washington Investors, Inc.:

It is our feeling that the resulting report reflects the enthusiasm and hard work expended by its authors. Their familiarity with the venture capital industry appeared to be thorough and broad-based. It would be worthwhile reading for many members of the business and financial communities.

MICHAEL R. CORBOY, Partner, New Business Resources:

A fresh and interesting report and certainly one of the most incisive surveys of the venture capital business which I have seen to date.

PETER D. DANFORTH, Partner, Gunwyn Ventures:

Used as a guide for seeking capital as well as a general reference work, this study seems to be authoritative, well-organized and interestingly written. The authors have done a commendable job of sorting out and putting into perspective an otherwise complex topic.

As one of the few organizations of its kind, NEW ENTERPRISE SYSTEMS combines the creativity, capital and management required for innovation. The firm helps identify, formulate, evaluate and implement strategies for new business development.

NEW ENTERPRISE SYSTEMS serves entrepreneurs, venture capitalists and established corporations. For the independent new/small company, NES researches market needs as inputs to business planning. Through venture capital placements and the acquisition of other required resources, the firm assists in the implementation of the business plan.

Services to venture capitalists include the evaluation and appraisal of new investment opportunities and business development consulting to existing portfolio ventures.

NES aids larger, established companies in the identification, investigation and introduction of new business and product areas.

NES principals include:

CARL H. NOVOTNY — formerly with Goodwin, Donnenbaum, Littman and Wingfield, Inc., Houston advertising agency. Graduate of Rice University (BA) and the Harvard Business School (MBA).

DAVID S. SEARLES, JR. — previously an analyst with Electro-Science Management Corporation, a Fort Lauderdale, Florida, venture capital firm. Graduate of the University of South Florida (BA) and the Harvard Business School (MBA).

Messrs. Novotny and Searles currently devote a portion of their time to research at the Harvard Business School in the area of *Management of Small Enterprises: Operating Problems and Strategies*.

LEWIS I. SOLOMON — before founding NES, he was President, Microtechnology Systems Company; Manager of the Microelectronics and Process Technology Department, General Instrument Corporation; Assistant Manager, C.B.S. Laboratories; and an electronic engineer, Airborne Instrument Laboratory. Graduate of the Rensselaer Polytechnic Institute (BEE) and Polytechnic Institute of Brooklyn (MEE).

NEW ENTERPRISE SYSTEMS

P. O. Box 29
Cambridge, Mass. 02139
617/ 547-7283

This consulting report, published by NEW ENTERPRISE SYSTEMS, is an indispensable reference source for individuals and companies interested in new business development, the creative utilization of capital resources or the funding of small enterprise growth.

The study comprehensively investigates all facets of venture capital. It represents several thousand man-hours of interviews with entrepreneurs and venture capitalists, library research and quantitative analyses. An earlier version of the report was prepared for top management of Merrill Lynch, Pierce, Fenner & Smith, Inc.

TABLE OF CONTENTS

PART I

1. An Introduction to Venture Capital
 - Determinants of venture capital
 - Investments that are not venture capital
 - Terms and definitions
 - Segments of the venture capital field
 - General strategies in venture investing
 - Successful venturing strategy
2. Pre-1965 Venture Capital Organizations
 - Venture capital before 1930
 - Early venture capital — after 1930
 - American Research and Development Corporation
 - Davis & Rock
3. Small Business Investment Companies
 - Small Business Investment Act of 1958
 - SBICs: 1961-1964
 - Profitability experience
 - SBIC categorization
 - Size
 - Ownership
 - Investment orientation
 - Contributions of small business investment companies

PART II

4. An Introduction to Post-1965 Venture Capital
 - The 1965 environment
 - Continued interest of early venturers
 - Successes of AR&D and Davis & Rock
 - Total level of activity
5. Traditional Vehicles in Venture Capital
 - Investment bankers
 - Private partnerships and corporations
 - Successful entrepreneurs
 - Individuals

6. Financial Institutions and Institutional Investors in Venture Capital

- Commercial banks and trust departments
- Wholly-owned SBIC subsidiaries
- Partially-owned SBICs
- Edge Act Companies
- Trust companies
- Non-SBIC venturing
- Bank holding company venturing
- Financial consulting
- Commercial finance companies
- Insurance companies
- Pension and Profit sharing trusts
- Mutual funds and mutual fund management companies
- Endowment funds, foundations and churches
- Approaches to venture capital
- Liquidity needs
- A new institution in venturing

7. Non-Financial Corporations as Venturers

- Objectives of industrial corporations in venture capital
- General approaches to venturing
- Venture management
- Spin-offs of new technology
- Industrial firms as venture capitalists

8. New Approaches to Venturing

- An organized approach to creating new ventures
 - Inter-link Corporation
 - Ventures Research and Development Group
 - General Economics Corporation
- Venture capital/venture management
- New Business Resources
- Industry specialization
 - Data Science Ventures, Inc.
- Initial paid in capital in excess of \$50 million
- New Court Private Equity Fund, Inc.
- Heizer Corporation
- Internal organization for venture capital
- Heizer Corporation

9. Venture Investment Strategy

- Investment opportunity input generation
- General orientation
 - Size of commitment
 - Age of companies invested in
 - Industry orientation
- Criteria for making investments
 - Reviewal focus
 - Reviewal process
 - Evaluating management
 - Evaluating markets and technology

Gentlemen:

I want to know more about the venture capital
Capital in the United States: An Analysis. I understand
tent or useful in my operations, I may return it in 10 days

_____ Please send me one copy at \$10

_____ Check enclosed _____

_____ Tell me more about the consu

Name: _____

Title: _____

Firm: _____

Address: _____